



FREEDOM PROPERTY FUND LIMITED

Incorporated in the Republic of South Africa

Registration number: 2012/129186/06

Share code: FDP

ISIN: ZAE000185260

("Freedom" or "the Company" or "the Group")

DISPOSAL OF PROPERTIES BY WHOLLY OWNED SUBSIDIARIES OF FREEDOM

1. INTRODUCTION

The board of directors of Freedom ("Board") is pleased to announce that Freedom has, through its wholly owned subsidiaries, Zambesa Investments Proprietary Limited ("Zambesa") and Tubatse Estate Proprietary Limited ("Tubatse Estate"), concluded respective sale of property agreements on 28 May 2019 with Cecilo Investments CC ("Cecilo"), relating to:

- 1.1 the disposal by Zambesa of 8 residential units plus 33 serviced stands in the sectional scheme known as Tubatse Homes SS 758/2017 to Cecilo ("Tubatse Homes Transaction"); and
- 1.2 the disposal by Tubatse Estate of the remaining extent of the Burgersfort Extension 40 Township situated at Portion 6 of the farm Witgatboom 316 ("Tubatse Estate Transaction") (collectively "the Disposals" or "the Properties").

Freedom is a capital growth fund with a diversified portfolio of properties in the commercial, industrial and residential sectors. Cecilo is a property developer.

2. RATIONALE FOR THE DISPOSALS

The Disposals are in line with Freedom's strategy of divesting of non-core assets as communicated to shareholders on 15 March 2016.

The proceeds from the Disposals will be utilised to reduce debt in the Group.

3. PURCHASE CONSIDERATION

3.1 Tubatse Homes Transaction

The total purchase consideration is R12.6 million (exclusive of Value Added Tax), settled in cash as follows:

- a non-refundable cash deposit of R126 000, which amount has already been paid; and
- the balance of R12 474 million on registration of transfer of the property encompassed in the Tubatse Homes Transaction, subject to Cecilo furnishing the duly appointed Conveyancers ("Conveyancers") on or before 5 July 2019 with a bank guarantee in respect of this amount.

3.2 Tubatse Estate Transaction

The total purchase consideration is R50 million (exclusive of Value Added Tax), settled in cash as follows:

- a non-refundable cash deposit of R500 000, which amount has already been paid; and
- the balance of R49.5 million on registration of transfer of the property encompassed in the Tubatse Estate Transaction subject to Cecilo furnishing the Conveyancers on or before 5 July 2019 with a bank guarantee in respect of this amount.

3.3 The Disposals have been concluded “voetstoots”, save for warranties that are standard in respect of transactions of this nature.

4. CONDITIONS PRECEDENT

The Disposals are conditional, *inter alia*, upon

- the completion of a due diligence investigation by Cecilo in respect of the Properties by 28 June 2019;
- Cecilo being granted loans of R12.6 million and R50 million by a registered bank by 28 July 2019; and
- approval being granted for the Disposals by Freedom shareholders in general meeting.

5. INFORMATION RELATING TO THE PROPERTIES

The specifics of the Properties are as follows:

5.1 Tubatse Homes Transaction

Location:	Erf 597, Burgersfort Extension 40 Township, Limpopo Province
Rentable area:	Unit 1 – 182 square metres Unit 4 – 184 square metres Unit 5 – 183 square metres Unit 6 – 183 square metres Unit 7 – 174 square metres Unit 8 – 175 square metres Unit 9 – 174 square metres Unit 10 – 177 square metres
Valuation: (Note 1)	R14 350 000
Weighted average rental per square metre for the rentable area: (Note 2)	Nil – no rental activity is currently undertaken
Original purchase price:	R8 688 525
Date initially acquired:	20 March 2014

5.2 Tubatse Estate Transaction

Location:	The remaining extent of Burgersfort Extension 40 Township situated at Portion 6 of the farm Witgatboom 316, Registration Division KT, Limpopo Province
Rentable area:	None
Valuation: (Note 1)	R19 700 000
Weighted average rental per square metre for the rentable area: (Note 3)	None
Original purchase price:	R18 400 000
Date initially acquired:	20 March 2014



Note 1 – An independent external valuation was obtained from Real Insights Proprietary Limited in respect of the Properties (“Independent Valuation”), which valuation was undertaken by TLJ Behrens and HN Hartman (Professional Associated Valuer and Professional Valuer, respectively), registered without restriction in terms of the Property Valuers Profession Act, No. 47 of 2000. The values attributed at 28 February 2018 has been derived from the comparable sales method of valuation.

Note 2 – The property is no longer being rented out and accordingly no weighted average rental per square metre for the rentable area is applicable.

Note 3 – No rental income applies to this property.

6. EFFECTIVE DATE

The effective date of the Disposals will be the date of fulfilment of all the conditions precedent.

7. FINANCIAL INFORMATION ATTRIBUTABLE TO THE PROPERTIES

7.1 The total value of the Properties is R34 050 000; R14 350 000 in respect of the Tubatse Homes Transaction and R19 700 000 in respect of the Tubatse Estate Transaction in terms of the Independent Valuation.

7.2 There is no rental income applicable to the Properties in respect of the financial year ended 28 February 2019, based on the unaudited management accounts of Freedom, reported in accordance with the International Financial Reporting Standards. Freedom is satisfied with the quality of the management accounts.

8. CATEGORISATION

In terms of the JSE Limited Listings Requirements (“Listings Requirements”), the Disposals are subject to shareholders’ approval in terms of the aggregation requirements set out in the Listings Requirements and accordingly a circular to shareholders of Freedom will be distributed in due course.

Paarl
29 May 2019

Sponsor and Corporate Advisor



Questco Corporate Advisory Proprietary Limited